

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

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ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

Request to Extend Transportation Credit Payout Period to January 2008

On November 27, 2007, the Market Administrator received a request to add the month of January 2008 to the Transportation Credit Balancing Fund payout period. The Market Administrator is considering the request in accordance with Section 1007.82(b) of the Order Regulating the Handling of Milk in the Southeast Marketing Area. On December 3, 2007, the Market Administrator has provided notice to all milk handlers and requested their written data, views, and comments regarding the request.

The Transportation Credit Balancing Fund is funded through a marketwide assessment on the total pounds of Class I producer milk of all milk handlers. More information on the fund's operation is available at www.fmmatlanta.com.

Sign-up Begins for Dairy Disaster Program

Eligible dairy producers can sign up for the Dairy Disaster Assistance Program (DDAP-III) at local USDA Farm Service Agency (FSA) service centers beginning Monday, Dec. 3, 2007.

DDAP-III will help dairy producers recover production losses resulting from a variety of adverse weather conditions in the last few years. The program provides \$16 million in benefits to dairy producers for production losses that occurred between January 1, 2005, and February 28, 2007, because of qualifying natural disasters. It compensates producers for production losses that resulted from lost herds or dumped milk when dairy plants closed or the natural disaster damaged containment equipment.

To be eligible for DDAP-III, dairy producers must have suffered losses in primary and contiguous counties declared or designated a natural disaster. USDA provides more information on proposed DDAP-III provisions in a fact sheet posted online at: <http://disaster.fsa.usda.gov>.

Blend Price Rises

The uniform blend price in Fulton County, GA, was \$23.46 per hundredweight of milk at 3.5 percent butterfat for the month of November. The blend price is \$0.10 higher than the previous month and is \$8.78 higher than November 2006.

Class I utilization was 70.33 percent in November, a decrease of 0.25 percent compared with the previous month and 5.12 percent higher than November of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in October was 15.38 billion pounds, an increase of 3.5 percent from October 2006 and an increase of 0.1 percent when compared with September 2007 on a daily average basis. Total cheese output (excluding cottage cheese) was 825 million pounds, 1.6 percent above October 2006 and 6.4 percent above September 2007. Butter production was 130 million pounds, 9.1 percent above October 2006 and 16.3 percent above September 2007.

Nonfat dry milk powder production was 98.9 million pounds in October, 41.4 percent higher than October 2006 and 9.8 percent higher than September 2007. Dry whey production was 88.8 million pounds in October, a 1.6 percent increase from October of last year and a 0.8 percent increase compared with September 2007.

The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk, was 3.00 in November. This is a decrease of 0.09 points from October 2007's ratio.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for November 2007 was \$2,355,025.87. Preliminary claims were made for \$1,532,585.53. Since sufficient funds were available, all eligible preliminary claims were paid in full.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - NOVEMBER 2007

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	40.19%	8,819,905	\$1.4318	\$ 12,628,339.99
Class I Differential at Location				264,051.05
Class II Butterfat	22.61%	4,961,698	\$1.4147	7,019,314.19
Class III Butterfat	22.90%	5,026,398	\$1.4077	7,075,660.48
Class IV Butterfat	14.30%	3,138,037	\$1.4077	4,417,414.67
Total Butterfat	100.00%	21,946,038		\$ 31,404,780.38

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.4310**

Calculation of Uniform Skim Milk Price

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	71.51%	400,797,140	\$17.04 /cwt.	\$ 68,295,832.62
Class I Butterfat	40.19%	8,819,905	\$1.4318 /lb.	12,628,339.99
Class I Differential at Location		409,617,045		12,217,877.56
Total Class I Milk	70.33%	409,617,045		\$ 93,142,050.17
Class II Skim Milk	7.82%	43,832,891	\$17.74 /cwt.	\$ 7,775,954.85
Class II Butterfat	22.61%	4,961,698	\$1.4147 /lb.	7,019,314.19
Total Class II Milk	8.38%	48,794,589		\$ 14,795,269.04
Class III Skim Milk	17.88%	100,187,269	\$14.81 /cwt.	\$ 14,837,734.52
Class III Butterfat	22.90%	5,026,398	\$1.4077 /lb.	7,075,660.48
Total Class III Milk	18.06%	105,213,667		\$ 21,913,395.00
Class IV Skim Milk	2.79%	15,656,140	\$16.03 /cwt.	\$ 2,509,679.27
Class IV Butterfat	14.30%	3,138,037	\$1.4077 /lb.	4,417,414.67
Total Class IV Milk	3.23%	18,794,177		\$ 6,927,093.94
Producer Milk	100.00%	582,419,478		\$ 136,777,808.15

Adjustments

Overage and Other Source	\$43,952.08
Inventory Adjustments	(\$37,463.87)
Producer butterfat at uniform butterfat price	(\$31,404,780.38)
Location Adjustments to Producers	\$1,713,512.65
1/2 Unobligated Balance in P.S.F	\$294,917.90

Adjusted Pool Value

\$ 19.16022
\$107,387,946.53

\$ 0.04022
\$225,424.83

Uniform Skim Milk Price per cwt. (Fulton County, Georgia):

\$19.12

Uniform Price per cwt. (Fulton County, Georgia)

\$23.46*

* At 3.5% butterfat test; for information purposes.

OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	NOV 2007	DEC 2007	OCT 2007	NOV 2007	NOV 2007
Appalachian (Charlotte)	\$ 24.55	\$ 23.14	\$ 23.75	\$ 23.75	74.37%
Arizona (Phoenix)	\$ 23.80	\$ 22.39	\$ 21.57	\$ 21.49	39.27%
Central (Kansas City)	\$ 23.45	\$ 22.04	\$ 20.82	\$ 20.79	37.81%
Florida (Tampa)	\$ 25.45	\$ 24.04	\$ 24.81	\$ 24.89	86.87%
Mideast (Cleveland)	\$ 23.45	\$ 22.04	\$ 21.13	\$ 21.08	45.30%
Northeast (Boston)	\$ 24.70	\$ 23.29	\$ 22.38	\$ 23.31	46.70%
Pacific Northwest (Seattle)	\$ 23.35	\$ 21.94	\$ 20.91	\$ 20.82	35.52%
Southeast (Atlanta)	\$ 24.55	\$ 23.14	\$ 23.36	\$ 23.46	70.33%
Southwest (Dallas)	\$ 24.45	\$ 23.04	\$ 21.62	\$ 21.58	38.40%
Upper Midwest (Chicago)	\$ 23.25	\$ 21.84	\$ 19.53	\$ 19.86	16.80%

**SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7
STATISTICAL SUMMARY**

Receipts:	November 2007	November 2006
Producer Milk		
Class I	409,617,045	400,399,654
Class II	48,794,589	73,285,612
Class III	105,213,667	110,612,108
Class IV	18,794,177	29,647,883
Total Producer Milk	<u>582,419,478</u>	<u>613,945,257</u>
Average Butterfat Test	3.77%	3.81%
Percent of Producer Milk in Class I	70.33%	65.21%
Daily Average Receipts	19,413,983	20,464,842
Other Source Milk		
Class I	13,944,708	15,794,456
Class II	14,019,716	14,526,949
Class III	5,625,762	1,983,840
Class IV	8,399,258	7,202,043
Total Other Source Milk	<u>41,989,444</u>	<u>39,507,288</u>
Overage		
Class I	0	31,155
Class II	198,908	12,197
Class III	0	0
Class IV	6,156	42,438
Total Overage	<u>205,064</u>	<u>85,790</u>
Opening Inventory		
Class I	34,097,607	36,219,030
Class II	5,513,226	3,607,291
Class III	6,931,732	499,047
Class IV	9,976,918	13,581,552
Total Opening Inventory	<u>56,519,483</u>	<u>53,906,920</u>
Total Receipts	681,133,469	707,445,255
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	37,944,059	35,440,556
Route Disposition Class I	408,838,362	408,916,058
Shrinkage	3,099,401	2,946,289
Transfers & Diversions to Nonpool	7,777,538	5,141,392
Total Class I Utilization	<u>457,659,360</u>	<u>452,444,295</u>
Average Butterfat Test	2.13%	2.19%
Daily Average Utilization	15,255,312	15,081,477
Class II Utilization		
Nonfluid Used To Produce	1,720,994	1,240,536
Shrinkage	0	7,104,345
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	31,456,845	42,923,053
Total Class II Utilization	<u>35,348,600</u>	<u>40,164,115</u>
Average Butterfat Test	10.15%	8.25%
Class III Utilization		
Shrinkage	7,785,280	0
Transfers & Diversions to Nonpool	105,086,683	113,094,995
Used To Produce/Other Uses	4,899,198	0
Total Class III Utilization	<u>117,771,161</u>	<u>113,094,995</u>
Average Butterfat Test	4.42%	4.56%
Class IV Utilization		
Inventory	12,301,481	20,225,731
Nonfluid Used To Fortify	2,383,719	2,562,025
Shrinkage	0	0
Transfers & Diversions to Nonpool	22,491,309	27,686,160
Used To Produce/Other Uses	0	0
Total Class IV Utilization	<u>37,176,509</u>	<u>50,473,916</u>
Average Butterfat Test	12.57%	11.14%
Total Utilization	681,133,469	707,445,255

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2007 is \$23.46 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$19.12 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4310 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In November, Class I use, which is primarily bottled or packaged fluid milk, accounted for 71.51% of all producer skim milk (priced to handlers at \$17.04 per hundredweight, plus the Class I differential, see page 2) and 40.19% of producer butterfat (priced to handlers at \$1.4318 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 7.82% of all producer skim milk (\$17.74 per hundredweight) and 22.61% of producer butterfat (\$1.4147 per pound). Class III use, mostly milk used to produce cheese, accounted for 17.88% of all producer skim milk (\$14.81 per hundredweight) and 22.90% of producer butterfat (\$1.4077 per pound). Class IV use, generally milk processed into butter and powder, accounted for 2.79% of all producer skim milk (\$16.03 per hundredweight) and 14.30% of producer butterfat (\$1.4077 per pound).

Receipts of producer milk during November 2007 totaled 582.4 million pounds. There were 28 regulated pool distributing plants, 2 pool supply plants and 13 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2007. Class I route disposition in the area totaled 447.1 million pounds in October 2007.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
October 2007		
Whole Milk	145,124,611	32.46%
Fat Free Milk	52,302,057	11.70%
Lowfat Milk (incl. 1%)	34,510,875	7.72%
Reduced Fat Milk (incl. 2%)	154,609,927	34.58%
Cultured Fluid Milk (incl. Buttermilk)	9,170,293	2.05%
Flavored Drinks and Milk	51,406,386	11.50%
Total Disposition in Marketing Area	447,124,149	100.00%
Total Disposition by Pool Plants	363,154,205	81.22%
Total Disposition by Nonpool Plants	83,969,944	18.78%
Total Disposition in Marketing Area	447,124,149	100.00%

Mailbox Milk Prices, January to September 2007 2/

Reporting Area 1/	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Average
New England States 3/	\$15.31	\$15.46	\$16.46	\$17.29	\$18.69	\$20.72	\$22.75	\$22.99	\$23.25	\$19.21
Appalachian States 4/	\$15.41	\$15.49	\$16.27	\$16.94	\$18.24	\$20.13	\$22.58	\$23.38	\$23.29	\$19.08
Southeast States 5/	\$16.18	\$16.13	\$16.51	\$17.14	\$18.22	\$20.28	\$23.07	\$24.34	\$24.43	\$19.59
Southern Missouri 6/	\$14.36	\$14.54	\$15.14	\$15.75	\$16.98	\$19.13	\$21.49	\$22.10	\$22.25	\$17.97
Florida	\$17.51	\$17.27	\$17.59	\$18.11	\$19.09	\$21.29	\$24.45	\$26.14	\$26.33	\$20.86
Indiana	\$14.44	\$14.77	\$15.50	\$16.36	\$17.75	\$19.64	\$21.84	\$22.07	\$22.38	\$18.31
Michigan	\$14.25	\$14.51	\$15.09	\$16.03	\$17.29	\$19.04	\$20.70	\$20.89	\$21.29	\$17.68
Wisconsin	\$14.79	\$15.31	\$16.03	\$16.84	\$18.17	\$20.17	\$21.26	\$20.62	\$21.14	\$18.26
Corn Belt States 7/	\$13.96	\$14.19	\$14.69	\$15.54	\$16.66	\$18.66	\$20.72	\$20.73	\$21.15	\$17.37
Western Texas 8/	\$13.96	\$14.01	\$14.55	\$15.57	\$16.99	\$19.35	\$20.96	\$20.91	\$21.02	\$17.48
New Mexico	\$13.30	\$13.19	\$13.83	\$14.85	\$16.28	\$18.60	\$20.16	\$20.11	\$20.21	\$16.73
All Federal Orders 9/	\$14.66	\$14.92	\$15.60	\$16.45	\$17.78	\$19.80	\$21.49	\$21.47	\$21.78	\$18.22
California 10/	\$12.55	\$13.09	\$13.89	\$14.83	\$16.77	\$19.12	\$19.98	\$20.06	\$20.19	\$16.72

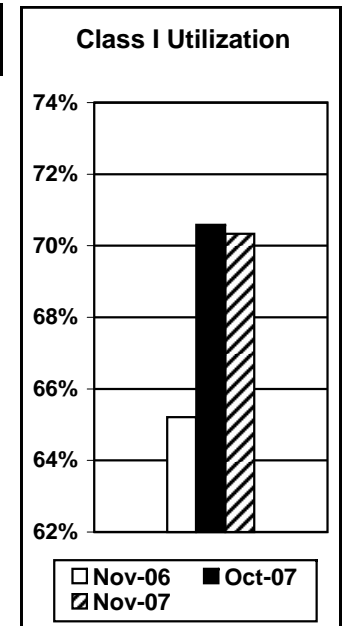
Source: Dairy Market News; 1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 5/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 6/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these 7/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 6/. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. 10/ Calculated by California Department of Food and Agriculture.

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

Pool Period	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5
Jul 2006	\$10.34	\$1.2740	\$14.44	\$6.76	\$1.2298	\$10.83	\$6.88	\$1.2228	\$10.92	\$ 6.15	\$1.2228	\$10.21	\$ 9.25	\$1.2444	\$13.28
Aug	\$10.06	\$1.2464	\$14.07	\$6.82	\$1.3078	\$11.16	\$6.74	\$1.3008	\$11.06	\$ 6.31	\$1.3008	\$10.64	\$ 9.23	\$1.2809	\$13.39
Sep	\$9.74	\$1.3013	\$13.95	\$6.99	\$1.4261	\$11.74	\$7.59	\$1.4191	\$12.29	\$ 6.36	\$1.4191	\$11.10	\$ 9.19	\$1.3758	\$13.68
Oct	\$10.82	\$1.4517	\$15.52	\$7.06	\$1.4219	\$11.79	\$7.64	\$1.4149	\$12.32	\$ 6.80	\$1.4149	\$11.51	\$ 9.94	\$1.4300	\$14.60
Nov	\$10.87	\$1.4314	\$15.50	\$7.37	\$1.3922	\$11.98	\$8.28	\$1.3852	\$12.84	\$ 7.52	\$1.3852	\$12.11	\$ 10.12	\$1.4038	\$14.68
Dec	\$10.99	\$1.4080	\$15.53	\$8.09	\$1.3551	\$12.55	\$9.07	\$1.3481	\$13.47	\$ 7.86	\$1.3481	\$12.30	\$ 10.37	\$1.3722	\$14.81
Jan 2007	\$12.27	\$1.3857	\$16.69	\$8.57	\$1.3079	\$12.85	\$9.33	\$1.3009	\$13.56	\$ 8.27	\$1.3009	\$12.53	\$ 11.23	\$1.3299	\$15.49
Feb	\$12.29	\$1.3216	\$16.49	\$8.77	\$1.3182	\$13.08	\$9.94	\$1.3112	\$14.18	\$ 8.42	\$1.3112	\$12.71	\$ 11.48	\$1.3157	\$15.68
Mar	\$13.10	\$1.3445	\$17.35	\$9.07	\$1.3839	\$13.60	\$10.64	\$1.3769	\$15.09	\$ 9.21	\$1.3769	\$13.71	\$ 12.18	\$1.3674	\$16.54
Apr	\$13.60	\$1.4206	\$18.10	\$9.69	\$1.4727	\$14.51	\$11.36	\$1.4657	\$16.09	\$ 11.39	\$1.4657	\$16.12	\$ 12.72	\$1.4527	\$17.36
May	\$14.38	\$1.4699	\$19.02	\$11.50	\$1.5776	\$16.62	\$12.54	\$1.5706	\$17.60	\$ 13.45	\$1.5706	\$18.48	\$ 13.83	\$1.5377	\$18.73
June	\$15.98	\$1.5776	\$20.94	\$13.58	\$1.6527	\$18.89	\$14.93	\$1.6457	\$20.17	\$ 15.54	\$1.6457	\$20.76	\$ 15.64	\$1.6196	\$20.76
July	\$18.71	\$1.7018	\$24.01	\$16.31	\$1.6180	\$21.40	\$16.31	\$1.6110	\$21.38	\$ 16.58	\$1.6110	\$21.64	\$ 18.15	\$1.6491	\$23.29
Aug	\$19.84	\$1.6320	\$24.86	\$17.44	\$1.5942	\$22.41	\$14.79	\$1.5872	\$19.83	\$ 16.91	\$1.5872	\$21.87	\$ 18.91	\$1.6072	\$23.87
Sep	\$19.86	\$1.6692	\$25.01	\$17.46	\$1.5171	\$22.16	\$15.32	\$1.5101	\$20.07	\$ 16.92	\$1.5101	\$21.61	\$ 18.93	\$1.5723	\$23.77
Oct	\$19.96	\$1.5519	\$24.69	\$17.56	\$1.4162	\$21.90	\$14.27	\$1.4092	\$18.70	\$ 16.97	\$1.4092	\$21.31	\$ 18.89	\$1.4674	\$23.36
Nov	\$20.14	\$1.4628	\$24.55	\$17.74	\$1.4147	\$22.07	\$14.81	\$1.4077	\$19.22	\$ 16.03	\$1.4077	\$20.40	\$ 19.12	\$1.4310	\$23.46
Dec	\$18.75	\$1.4430	\$23.14	\$16.35											

FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
Jul 2006	602,818	3,248	374,357	62.10%	77,034	12.78%	97,920	16.24%	53,506	8.88%
Aug	634,266	3,244	422,575	66.62%	77,859	12.28%	99,138	15.63%	34,694	5.47%
Sep	607,301	3,131	402,879	66.34%	78,997	13.01%	108,793	17.91%	16,632	2.74%
Oct	627,520	3,102	413,408	65.88%	74,676	11.90%	112,827	17.98%	26,609	4.24%
Nov	613,945	3,141	400,400	65.21%	73,286	11.94%	110,612	18.02%	29,648	4.83%
Dec	610,264	3,153	399,894	65.53%	62,609	10.26%	91,925	15.06%	55,836	9.15%
Jan 2007	736,646	3,133	434,642	59.00%	73,204	9.94%	170,119	23.09%	58,681	7.97%
Feb	650,127	3,081	381,201	58.64%	67,360	10.36%	156,906	24.13%	44,660	6.87%
Mar	711,173	3,038	418,047	58.78%	88,537	12.45%	163,562	23.00%	41,026	5.77%
Apr	707,385	2,961	394,568	55.78%	101,521	14.35%	162,167	22.92%	49,129	6.95%
May	695,111	2,925	398,662	57.36%	96,168	13.83%	167,933	24.16%	32,349	4.65%
June	558,867	2,956	372,612	66.67%	96,460	17.26%	61,040	10.92%	28,755	5.15%
July	561,866	2,962	369,735	65.80%	74,157	13.20%	95,276	16.96%	22,699	4.04%
Aug	581,050	3,208	409,987	70.57%	60,967	10.49%	94,557	16.27%	15,539	2.67%
Sep	558,271	3,075	378,231	67.75%	53,134	9.52%	93,114	16.68%	33,792	6.05%
Oct	584,122	3,000	412,258	70.58%	58,111	9.95%	99,545	17.04%	14,208	2.43%
Nov	582,419	3,050**	409,617	70.33%	48,795	8.38%	105,214	18.06%	18,794	3.23%



* Class I and uniform prices are at Fulton County (Atlanta), Georgia; ** Estimated

Southeast Marketing Area - Federal Order 7

Pool and Payment Dates for the Pooling Periods

December 2007 through February 2008

Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment** Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
Dec 2007	01/11/08	01/14/08	01/15/08	12/26/07	12/26/07	01/15/08	01/16/08
Jan 2008	02/11/08	02/12/08	02/13/08	01/25/08	01/28/08	02/13/08	02/14/08
Feb 2008	03/11/08	03/12/08	03/13/08	02/25/08	02/26/08	03/13/08	03/14/08

** The base rate for making partial payments in Fulton County, GA for December will be \$21.11 per hundredweight. This is 90 percent of the preceding month's uniform price of \$23.46 per hundredweight.

Producer Touch Base Requirements & Handler Diversion Limits

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Producer Touch Base Days	4	4	4	4	4	4	10	10	10	10	10	10
Diversion Percentage Limits	50%	50%	50%	50%	50%	50%	33%	33%	33%	33%	33%	33%

WASDE Dairy Report 1/

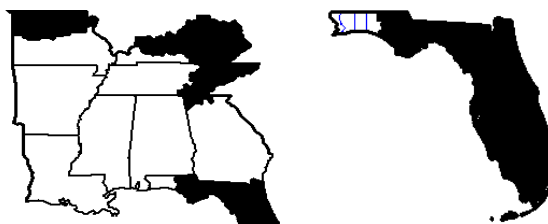
WASDE – 453 December 11, 2007

Forecasts for 2007 and 2008 milk production are raised slightly as milk per cow rates are recovering from early year weakness. Ending stocks on a fat basis are unchanged from last month, but skim-solids stocks are raised because nonfat dry milk (NDM) stocks have remained higher than expected.

Dairy prices are changed in 2007 and 2008. Stronger cheese price forecasts are expected to result in higher Class III price forecasts in both years. The Class IV price forecast is lowered for 2007 but unchanged for 2008. Forecast butter prices are raised slightly in both years. Weaker NDM prices in November and December result in a lower Class IV price for 2007. However, a weaker forecast NDM price in the first half of 2008 is largely offset by a higher forecast NDM price in the second half of the year as world supplies remain tight. The 2007 all milk price is forecast 10 cents higher than last month at \$19.05 to \$19.15. In 2008, the all milk price is forecast at \$18.00 to \$18.80 per cwt.

1/The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The most recent WASDE report is available at www.usda.gov/oce/commodity/wasde/index.htm.

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